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Message Text

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PAGE 01 PARIS 28500 261338Z
ACTION SS-15

INFO OCT-01 EUR-12 ISO-00 TRSE-00 AID-05 CEA-01
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02
STR-07 LAB-04 SIL-01 OMB-01 /070 W
----------120694 270030Z /75
R 261222Z AUG 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 6577
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
USMISSION USNATO

C O N F I D E N T I A L PARIS 28500

USEEC

FOR THE SECRETARY AND UNDER SECRETARY COOPER

PASS TREASURY ELECTRONICALLY FOR SECRETARY BLUMENTHAL
AND UNDER SECRETARY SOLOMON

E.O. 11652: GDS
TAGS: EFIN
SUBJ: AMBASSADOR BREWSTER'S COMMENTS ON EUROPEAN
MONETARY UNION (EMU)

REF: LONDON 13407

1. AMBASSADOR BREWSTER'S VIEWS REGARDING THE PROPOSED EUROPEAN MONETARY ARRANGEMENTS (REFTEL) ARE MOST APT AND TIMELY. LIKE HIM, I WOULD NOT PURPORT TO SPEAK FOR MY TREASURY ATTACHE WHO IS CURRENTLY AWAY FROM PARIS. NEITHER WOULD I WISH TO ADDRESS THE PURELY UK ASPECTS OF THE ISSUE. FROM THE PARIS PERSPECTIVE, HOWEVER, I CAN
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ONLY APPLAUD HIS COMMENTS. THEY MAKE EMINENTLY GOOD SENSE IN TERMS OF OUR RELATIONS WITH FRANCE AND WITH WESTERN EUROPEAN COUNTRIES IN GENERAL. THEY ARE ESPECIALLY PERTINENT FROM THE STANDPOINT OF THE CRITICAL BONN-LONDON-PARIS TRIANGLE.

2. I BELIEVE THAT OUR INTERESTS ARE BEST SERVED BY

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EMU'S EITHER SUCCEEDING WITH OUR BLESSING -- OR FAILING FOR CLEARLY-PERCEIVED INTRA-EUROPEAN REASONS. FAILURE OF AN INITIATIVE TO WHICH GISCARD AND SCHMIDT ATTACH OVERRIDING IMPORTANCE BECAUSE OF OUTRIGHT OR VEILED U.S. OPPOSITION WOULD BE THE WORST POSSIBLE OUTCOME. OUR FRIENDS IN THE FRENCH GOVERNMENT INSIST THAT THIS SCHEME IS NOT ANTI-AMERICAN IN ORIGIN OR INTENT, AND I BELIEVE THEM. THERE ARE, HOWEVER, PEOPLE IN FRANCE LESS FRIENDLY TO US WHO WOULD LIKE TO SEE IT SUCCEED OVER OUR OPPOSITION. THESE LATTER ASSUME THAT WE MUST NE-CESSARILY BE OPPOSED ON POLITICAL GROUNDS TO SOMETHING THAT, NO MATTER HOW MODEST OR EMBRYONIC, MIGHT APPEAR TO THREATEN THE "SUPREMACY" OF THE DOLLAR.

3. A CLEAR INDICATION OF U.S. SUPPORT FOR EMU IN PRINCIPLE WOULD BE VERY HELPFUL. IT WOULD, OF COURSE, BE CONSISTENT WITH OUT LONG-STANDING APPROACH TO EUROPEAN INTEGRATION. BUT I ALSO BELIEVE THAT CLOSER MONETARY ARRANGEMENTS IN WESTERN EUROPE CAN BE BENE-FICIAL TO OUR GOALS OF ECONOMIC GROWTH AND STABILITY MORE GENERALLY. DEVELOPMENTS IN THE PAST FEW WEEKS HAVE AGAIN SHWN THAT THERE ARE LIMITS TO HOW FAR AND HOW FAST THE DOLLAR CAN BE ALLOWED TO DROP. THUWS, I DOUBT THAT ANY SCHEME THE EUROPEANS CAN AGREE O N IS LIKELY TO INHIBIT SERIOUSLY THE NECESSARY EXCHANGE RATE ADJUSTMENT.
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4. A U.S. BLESSING FOR EMU SHOULD CERTAINLY INCLUDEA RESERVATION ABOUT A HARD LOOK AT THE SPECIFICS AS THEY ARE WORKED UP. WE SHOULD INDICATE THAT IF THERE ARE TECHNICAL FEATURES THAT WE CONSIDER CONTRARY TO U.S. OR BROADER INTERNATIONAL ECONOMIC INTERESTS, WE WOULD WORK WITH THE EUROPEANS TO RESOLVE THEM. THE ALTERNATIVE TO THE FOREGOING IS WHAT APPEARS TO BE OUR PRESENT "NEUTRAL" OR "SKEPTICAL" POSTURE. THE DIFFERENCE IS MORE THAN A NUANCE AS AMBASSADOR BREWSTER HAS SO COGENTLY EXPLAINED. THUS, I WISH TO BE ASSOCIATED WITH HIS RECOMMENDATION THAT WE SHOULD MAKE OUR VIEWS KNOWN PROMPTLY. IN ADDITION TO THE STEPS HE SUGGESTS, I HOPE WASHINGTON WILL ALSO CONSIDER AN EARLY HIGH-LEVEL PUBLIC STATEMENT WITH A POSITIVE THRUST.
HARTMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AMBASSADORS, SPEECHES, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS28500
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: PARIS USEEC
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780819/aaaaapzx.tel
Line Count: 111
Litigation Code IDs:
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Litigation History:
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Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 LONDON 13407
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 19 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1608031
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR BREWSTER\'S COMMENTS ON EUROPEAN MONETARY UNION (EMU)
TAGS: EFIN, EUROPEAN MONETARY UNION, (BREWSTER, KINGMAN)
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/c92af25a-c288-dd11-92da-001cc4696bcc
Review Markings:
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US Department of State
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Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014